

**Remarks on September 6, 2007 by
The Honorable Thomas B. Evans, Jr.
before the sub-committee on
Housing and Community Opportunity
and the sub-committee on
Capital Markets regarding H.R. 3355,
The Homeowners Defense Act of 2007.**

Thank you very much for your invitation to testify today. Many years ago I served on this Committee and I have appeared before other Congressional Committees but this is a first for me in testifying before the Financial Services Committee and I am pleased to be here.

The older I get the more I'm concerned about the future. I believe that the policies we establish today must not just consider the quick fixes but must address the longer term and their impact on future generations. I'm very concerned about many issues but one that is especially troubling is the amount of money spent by the Federal Government. I remember so well my vote on raising the debt ceiling limit to one trillion dollars. (I believe that was in 1980). In the last six years alone, the debt ceiling has risen by 1 ½ trillion. Fiscal policy has far reaching consequences and most importantly it affects our Nation's security because of its impact on our economy. We are awash in debt and consequently the days of throwing taxpayer dollars at a problem without thoroughly assessing the consequences should be over.

That brings us to today's hearing on H.R. 3355. On the surface, especially if you live in Florida, Congressman Klein and Congressman Mahoney's bill sounds good. However, in my view, before there is a rush to judgment in passing their legislation it should be examined very closely and one hearing like the one today, respectfully, is not sufficient.

As I understand it, H.R. 3355 creates a consortium of States that join together to protect against unexpected catastrophic losses. A National Fund is set up and that fund provides liquidity for State catastrophe funds.

Let me share with you some recent experience I have had working with a development project that could have ended in a catastrophe. As some of you may know, the Florida Coalition for Preservation, which I chair, was established about 5 months ago to promote responsible development in storm prone areas and to preserve barrier islands. Our mission was to educate policymakers at every level and to also educate the public. Some large developers secured an option to buy the tiny town of Briny Breezes, all 43 acres of it, for \$510,000,000.

Briny was and is a classic Barrier Island in South Florida situated between the Inter-coastal and the Atlantic Ocean. The only way the developers could make their project economically viable was to go up, way up with hi-rises. The density created by their projected development quadrupled the population of the area and doubled the traffic on A-1-A. Clearly, this type of development would dangerously stress the surrounding infrastructure. It would have been totally incompatible with the surrounding communities. Fortunately, the State of Florida told the developers that their plan was unacceptable. It would have placed too many people in harm's way in the event of a catastrophic storm.

It was a reasonable decision but nothing compelled the State to find the comprehensive plan presented by the developers unacceptable. Most of the standards used in Florida's Growth Management Act are subjective. They are not codified in law.

The National Catastrophe Fund envisioned by the legislation you are considering today does not address the responsibility of States to reduce risks and mitigate losses that will occur in the event of a

catastrophic storm. We certainly cannot anticipate what Mother Nature will do but we can and should take steps to reduce risks and lessen damages. “An ounce of prevention is still worth a pound of cure.”

I hope you will include in the legislation you are considering a requirement that States demonstrate that they are taking initiatives that will reduce risks and mitigate damages to the maximum degree practicable. Tough building codes, for example, and very importantly some standards that prevent intense development on vulnerable storm prone barrier islands.

The Florida Legislature, for example, could pass amendments to the Growth Management Act that would reduce risks. Arguably, this approach could save lives, some fragile land, and huge amounts of taxpayer paid for subsidies. I might add that it could also reduce the premiums paid for insurance. This would be tangible recognition that the States understand that in accepting assistance they must bear their fair share of the responsibility. We should discourage rather than encourage unreasonable risk taking.

I sincerely hope that the distinguished members of the Financial Services Committee will carefully address these concerns.

